



Filing Receipt

Received - 2021-09-30 04:55:24 PM
Control Number - 52373
ItemNumber - 171

PROJECT NO. 52373

**REVIEW OF WHOLESALE
ELECTRIC MARKET DESIGN**

§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMENTS OF DONALD GILLIGAN
NATIONAL ASSOCIATION OF ENERGY SERVICE COMPANIES**

COMES NOW Donald Gilligan of the National Association of Energy Service Companies (NAESCO) and files these Comments in response to issues pertaining to ERCOT market design and the Commission's Questions for Comment filed in this proceeding on August 2, 2021.

Executive Summary

NAESCO submits these brief comments to support the comments made earlier in the proceeding by Alison Silverstein of Alison Silverstein Consulting (Item #31 on August 16, 2021), the comments made by the American Council on an Energy Efficient Economy (Item #104 on September 9, 2021), and the comments made by the Regulatory Assistance Project (Item #54 on August 16, 2021). Each of these parties recommended in their comments that energy efficiency and demand response programs should be integrated, expanded, and made a key element of the Commission's market redesign. NAESCO now states that its member companies are willing and able to implement help implement these recommendations.

Introduction to NAESCO

NAESCO is the leading national trade association of the energy services industry. NAESCO numbers among its members some of the world's leading energy services companies, including: ABM Industries, AECOM, Ameresco, Bostonia Partners, Brewer-Garrett, CEG Solutions, Centrica Business Solutions, Clear Energy, Climatec BTG, CM3 Building Solutions, CMTA Consulting Engineers, Con Edison Solutions, Constellation, CTI Energy Services, E3, Energy Solutions Professionals, Energy Systems Group, Energylink, ENGIE Services, Entegritty, FPL Energy Services, Georgia Power, GRP Wegman, Hannon Armstrong, Honeywell International, Johnson Controls, McClure Company, McKinstry, METCO Engineering, Navitas, New York Power Authority, NORESKO, PATH, Perfection Group, Performance Services,

Schneider Electric, Siemens Industry, sitelogiq, Southland Energy, Stark ESCo, The Efficiency Network, Trane Technologies, Veregy, Wendel Energy Services and Willdan Energy Services.

During the past twenty years, NAESCO member ESCOs have implemented energy efficiency, demand response, renewable energy and distributed generation projects for government, industrial, commercial, institutional, and residential customers, including more than one billion dollars' worth of projects in Texas. Nationally, NAESCO member projects have produced:

- \$60 billion in projects paid from savings
- \$65 billion in savings – guaranteed and verified
- 500,000 person-years of direct employment
- \$45 billion in infrastructure improvements in public facilities
- 480 million tons of CO2 savings at no additional cost

NAESCO member ESCOs are currently implementing about \$7 billion of projects annually. Most of these projects are Energy Savings Performance Contracts (ESPC), which re-purpose the money that a customer is currently spending on wasted energy into a payment stream for the energy-saving capital improvements.

ESCOs Can Deliver Against Ambitious Goals

Two examples from the last few years demonstrate that ESCOs can deliver the amount of energy efficiency that is required to make a meaningful contribution to the Commission's market redesign.

In 2011, President Obama issued a Performance Contracting Challenge to the federal government agencies, setting a goal of \$4 billion of projects in 4 years, which was more than double the implementation rate at the time. ESCOs responded to the Challenge by investing the necessary resources and manpower to overachieve the goal.

In the same timeframe, the U.S. General Services Administration challenged the ESCO industry to significantly increase the savings it was delivering from its ESPC projects. GSA assigned ESCOs to dozens of selected facilities, streamlined their project review approval processes, and pushed the ESCOs to wring the maximum savings from each project. The result was that ESCOs almost doubled the average project savings to about 38%, by focusing on integrating the various energy efficiency and renewable energy measures more rigorously.

ESCOs Can Deliver for the Commission if Programs are Well Designed

Based on our experience, we urge the Commission to set ambitious goals for integrated energy efficiency (EE) and demand response (DR) programs and challenging ESCOs and other implementers to meet the goals. We suggest that a critical element of these goals is program design that distinguish the value that EE and DR delivered to customers from the value EE and DR deliver to the electric system, and commit the system to pay for the benefits it realizes. We believe that several parties to the proceeding (unfortunately not NAESCO) are well equipped to assist the Commission in this analysis.

Conclusion

NAESCO appreciates the opportunity to submit these comments and we look forward to working with the Commission and parties to the proceeding.

Respectfully submitted by,



Donald Gilligan
President
National Association of Energy Service Companies
1667 K Street, NW, Suite 700
Washington, DC 20006
donald.gilligan@naesco.org
978-498-4456